

## Message Text

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ACTION AGRE-00

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

EA-07 /107 W

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R 011811Z AUG 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6467

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

USMISSION GENEVA

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DEPT PASS AGRICULTURE FOR MEEKER FROM AGATT

USEEC

USMTN

E.O. 11652: N/A

TAGS: EALR, FR

SUBJECT: FRENCH AGRICULTURAL POLICY AND GRAIN RESERVES

REF: A) FR-7038, B) FR-7057

1. AS REPORTED REF B, MR. SAUZIN, DIRECTOR GENERAL OF SYNACOMEX (ASSOCIATION OF CEREAL EXPORTERS), ARRANGED MEETING JULY 26 WITH AGATTS SHARP AND BROWNE TO DISCUSS AGATT'S MAY 16 SPEECH BEFORE CHAMBER OF AGRICULTURE (REF A). ALSO PRESENT AT LUNCHEON MEETING WAS MR. BERNARD VALLIUS, CHIEF, AGRICULTURAL POLICY BUREAU, DREE, MINISTRY OF ECONOMY AND FINANCE. ALTHOUGH PURPOSE WAS TO LIMITED OFFICIAL USE

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DISCUSS AGRICULTURAL TRADE POLICY, DISCUSSION FOCUSED PRIMARILY ON GRAIN RESERVE POLICY AND FUTURE LONDON IWC MEETINGS.

2. COMMENTING ON AGATT SPEECH (REF A), SAUZIN BELIEVES POLICY DEVELOPMENTS IN FRANCE SIMILAR TO US WITH ABOUT 10 YEAR LAG. SAUZIN CONTENDS ECONOMIC DEVELOPMENTS ARE

FORCING GREATER FLEXIBILITY IN CAP JUST AS U.S. WAS FORCED TO CHANGE SUPPORT PROGRAMS OF 1960'S. INCREASING DEPENDENCE ON EXPORTS TO NON-EC COUNTRIES CONSTRAINING INCREASES IN EC FARM PRICES AND FRANCE ALSO LOSING INTERNAL EC MARKETS BY HIGH PRICE SUPPORT POLICIES.

3. SAUZIN BELIEVES US AND FRANCE HAVE MUTUAL INTERESTS IN ASSURING THAT IMPORTERS SHARE GRAIN STOCKPILING BURDEN, OTHERWISE, STOCKS WILL BE FORCED UPON EXPORTERS SUCH AS US AND FRANCE FOR EC. VALLIUS AGREED, COMPLAINING THAT CURRENTLY UK CARRIES VERY LOW GRAIN STOCKS AND WOULD NOT CHANGE POLICY EXCEPT VIA AN INTERNATIONAL GRAIN AGREEMENT. ACCORDINGLY, VALLIUS INDICATED GOF WOULD PREFER THAT STOCK SHARING RESPONSIBILITIES BE DISCUSSED ON A COUNTRY BY COUNTRY BASIS RATHER THAN FOR THE EC.

4. VALLIUS INDICATED GOF PREFERS WIDE PRICE RANGE AND FORESEES LITTLE DIFFICULTY IN NEGOTIATING MINIMUM PRICE SINCE GAP BETWEEN US SUPPORT AND EC INTERVENTION PRICES NARROWING. IN VARIOUS MEETINGS WITH OTHER EC AGRICULTURAL LEADERS, VALLIUS INDICATED HE NOTED GREATER INTEREST IN MORE FLEXIBILITY FOR CAP INTERVENTION AND TARGET PRICES AND MORE MARKET FLEXIBILITY COULD ALSO BE EXPECTED FOR REASON INDICATED BY SAUZIN ABOVE.

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5. VALLIUS CONCEDE MOST DIFFICULT ISSUE WAS MAXIMUM PRICE, WHICH HE FELT ESSENTIAL AS TRADE-OFF TO LDC'S. HE INDICATED LDC'S WOULD BE DEMANDING BOTH LOW FLOOR AND CEILING PRICES, WHEREAS JAPAN WOULD PREFER NO CEILING OR ONE AS HIGH AS POSSIBLE TO GUARANTEE ACCESS. SINCE PURPOSE OF STOCKS WAS TO AVOID REACHING MAXIMUM OR MINIMUM PRICES, HE HOPED NEGOTIATIONS WOULD NOT FLOUNDER OVER ABSOLUTE LEVELS. ACCORDINGLY, HE SUGGESTED AN INNER AND OUTER PRICE CORRIDOR MIGHT BE A WORKABLE COMPROMISE.

6. SAUZIN GAVE AGATT A PAPER ON GRAIN RESERVES, WHICH IS BEING AIR POUCHED TO MEEKER, FAS, AND CASEY, STATE. SAUZIN PROPOSED ANOTHER MEETING SOON INCLUDING M. HENRI CORSON, RECENTLY ELECTED IWC VICE-PRESIDENT.

COMMENTS: SAUZIN AND VALLIUS CONVEYED A STRONG INTEREST ON PART OF BOTH GOF AND FRENCH GRAIN TRADE TO NEGOTIATE A GRAIN RESERVE AGREEMENT AND A GENUINE BELIEF THAT CLOSE US-FRENCH COOPERATION WOULD BE REQUIRED TO ACHIEVE IT. THEREFORE, WE FEEL THESE INFORMAL MEETINGS SHOULD BE CONTINUED AND WOULD APPRECIATE ADDITIONAL BACKGROUND

INFORMATION, SUGGESTION POINTS TO DISCUSS, ETC. DUE TO  
SUMMER VACATIONS, NEXT MEETING PROBABLY NOT UNTIL EARLY  
SEPTEMBER.  
HARTMAN

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009